



Modernization of Telecommunications Statutes

Presentation to the Regulatory Commission of Alaska
December 12, 2018

Unanimous Support for Modernization

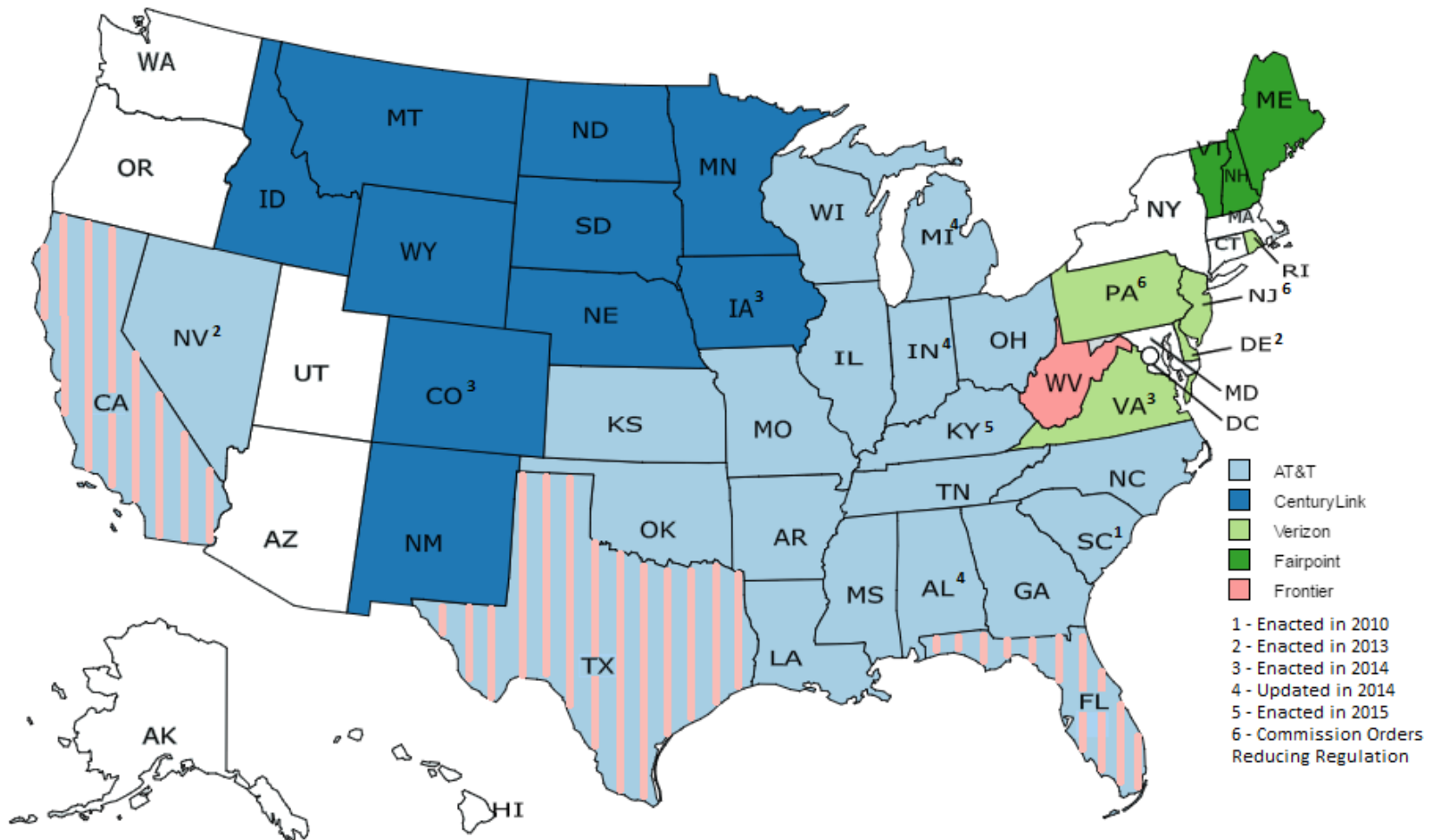
Adak Eagle Enterprises
Alaska Communications
Alaska Telephone Company
Arctic Slope Telephone
Association Cooperative
ASTAC Wireless
AT&T
Bettles Telephone
Bristol Bay Cellular Partnership
Bristol Bay Telephone
Cooperative
Bush-Tell
Copper Valley Telephone
Cooperative
Copper Valley Wireless
Cordova Telephone
Cooperative

Cordova Wireless
GCI
Interior Telephone
Mukluk Telephone
Ketchikan Public Utilities
Matanuska Telephone
Association
North Country Telephone
Nushagak Cooperative
OTZ Telephone Cooperative
OTZ Wireless
Summit Telephone Company
TelAlaska Cellular
United Utilities
Windy City Wireless
Yukon Telephone Company

Transformation

- ▶ Telecommunications have changed completely since many of Alaska's telecom statutes were adopted in 1990.
- ▶ The 1996 Telecom Act transformed the marketplace and started an evolution toward light-touch oversight.
- ▶ Landline and long distance use is dramatically reduced.
 - ▶ Long distance revenues reduced from \$64M to \$16M between 2006-2016.
 - ▶ 48% of Alaska households still have a landline, 4% are landline only.
- ▶ Landline and long distance services continue

41 States Have Reduced Regulation



Source: Author's construct, data from Legiscan.

Modernization of AS 42.05

- ▶ Sections retained
 - ▶ ETC designation
 - ▶ CPCN authority
 - ▶ RCC (amended)
 - ▶ TRS
 - ▶ Lifeline
 - ▶ Interconnection
 - ▶ Eminent Domain
 - ▶ Access charges and AECA
 - ▶ Alaska Universal Service Fund
 - ▶ Inmate calling rates and conditions

Modernization of AS 42.05

- ▶ Tariff management adopts cooperative model
- ▶ COLR designations for ILECs and IXC's are eliminated
 - ▶ ETC and CPCN obligations remain
 - ▶ Federal obligations to continue service remains
 - ▶ Federal reasonable request standards apply
- ▶ Long distance competition rules eliminated

Rate Regulation – It Depends Who You Are

- ▶ Cooperatives, with the approval of their members, and municipal telcos manage their own tariffs. All other companies must maintain a tariff at the RCA.
- ▶ 90% of Alaskans are already served by a company which manages its own rates.
- ▶ 99% have multiple services available.
- ▶ But for the remainder, review and approval for rate changes varies, with timelines as long as 420 days.
- ▶ This limits the introduction of new offerings due to the expense of preparing and supporting tariff filings.
- ▶ Modernization adopts the cooperative model for tariffs and rate changes.

Burden of Rate Regulation

▶ Alaska Communications

- ▶ “We have 4 local exchange tariffs with a mixture of tariff rules that apply...Each time we make a tariff change we must do basically 5 times for the local exchange since one study area has different rules to follow. We also have a long distance tariff which has even different rules. When filing 5 different tariffs plus a long distance tariff, it simply is not an efficient business practice especially when these regulations do not apply across all other carriers.”

-Lisa Phillips, Senior Manager, Regulatory Affairs and Risk Management

Local Rates

- ▶ 90% of Alaskans are served by a company which manages local rates without RCA oversight
- ▶ Federal rules limit local landline rates
 - ▶ 2017 maximum was \$45.38 (including state fees)
- ▶ Lifeline program supports low-income subscribers

Regulatory Cost Charge

- ▶ Funding for telecommunications-related activity at the RCA is inequitable
- ▶ Cooperative members have elected economic deregulation, resulting in exclusion from RCC statutes
- ▶ Modernization restores fair assessment by applying RCC statutes to all telecommunications providers

Obsolete IXC Statutes

- ▶ Long distance competition statutes adopted in 1990 require the RCA to manage competition in the long distance market.
- ▶ Statutes require tariff filings and reporting.
- ▶ Modernization removes outdated regulation of long distance retail competition.

Consumer Protection

- ▶ Strong consumer protections today
 - ▶ Certificate of Public Convenience and Necessity (CPCN)
 - ▶ Eligible Telecommunications Carrier (ETC)
 - ▶ RCA Consumer Protection & Information Section
 - ▶ Attorney General Consumer Protection Unit
 - ▶ FCC Consumer Complaint Center
- ▶ Modernization maintains these protections

Benefits to Consumers

- ▶ Allows companies to respond more quickly to consumer preferences
- ▶ Focuses resources on consumer services
- ▶ Corrects existing distorted assessment of regulatory costs on consumers

Modernization

- ▶ Maintains RCA oversight
- ▶ Exempts from obsolete statutes
- ▶ Reduces cost and delay of regulation
- ▶ Requires RCA approval before entering service and RCA & FCC approval before discontinuing service
- ▶ Resolves existing inequity in the RCA's budget process

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